

Message Text

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12
ACTION NEA-10

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FM AMEMBASSY SANA
TO SECSTATE WASHDC 8566
INFO AMEMBASSY AMMAN
AMEMBASSY JIDDA
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AMEMBASSY
AMEMBASSY TEHRAN

S E C R E T SANA 2471

E.O. 11652: GDS
TAGS: PFOR, YE, YS
SUBJECT: PDRY/YAR RELATIONS

REF: SANA 2448

BEGIN SUMMARY: YAR HAS REACHED SERIES OF POTENTIALLY IMPORTANT AGREEMENTS WITH RADICAL NEIGHBOR TO SOUTH. THESE AGREEMENTS MOVE BEYOND RELAXATION OF TENSIONS TO ACTIVE INTERCOURSE OF TRADE AND PEOPLE, AND SHOULD SUPPORT SAUDI MOVES TO SEEK MORE MODERATE SOUTH. END SUMMARY.

1. AHMAD ABDU SAID RETURNED ON MONDAY 12 JULY FROM ADEN. WHERE HE HAD GONE TO LEAD RANKING YAR TRADE MISSION. SAID, WHO HAD NOT BEEN TO ADEN IN OVER TWO YEARS, AND IS WELL-KNOWN AS VISCERAL AND INVETERATE CRITIC OF RADICAL REGIME IN SOUTH, WAS RECEIVED WITH CONSIDERABLE PUBLICITY AND PUT UP IN GOVERNMENT GUEST HOUSE, NOT HOTEL WHERE YAR DELEGATION USUALLY HOUSED. PRESIDENT SALIM MET WITH HIM TWICE FOR LENGTHY PRIVATE MEETINGS.

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2. SAID TOLD DCM ON 15 JULY THAT HE HAD COME BACK WITH

BAGFUL OF AGREEMENTS WHICH SHOULD MAKE POSSIBLE REAL COOPERATION WITH SOUTH AFTER YEARS OF STERILE CONVERSATIONS ABOUT UNITY. HE SAID HIS DISCUSSIONS WITH SOUTH YEMENI LEADERS SHOWED A NEW "PRAGMATISM" ABOUT THE ECONOMY, TOGETHER WITH A SURPRISING CONFIDENCE, ENTHUSIASM AND DEGREE OF CONTROL. "THEY HAVE NOT GIVEN UP THEIR DOCTRINAIRE SOCIALIST IDEAS ABOUT HOW THE ECONOMY SHOULD DEVELOP BUT THEY ARE PREPARED TO ADOPT NEW METHODS TO REACH THEI ENDS", SAID SAID.

3. SAID WENT ON THAT YEMEN COULD NOT ONLY LIVE WITH THIS BUT TAKE ADVANTAGE OF IT. HE SAID THAT HE REACHED AGREEMENT WITH SOUTHERNERS TO ALLOW YEMEN TO USE THE TRANSIT AREA OF ADEN PORT, WITH NORTH YEMENI MERCHANTS DOING THE IMPORTING AND NO FEES OR TARIFFS CHARGED. SOUTHERNERS, TO GRANT THESE PRIVILEGES, NOT ONLY CANCELLED VARIETY OF TAXES (ALL EXCEPT PORT CHARGES) BUT ALSO REDUCED TO ELEVEN ITEMS PREVIOUSLY LONG LIST OF COMMODITIES AND PRODUCTS WHICH ONLY PDRY STATE ORGANIZATIONS COULD IMPORT. YAR DELAYS IN HODEIDAY (NOW 30 DAYS) COULD BE CUT BY ONE-THIRD TO ONE HALF BY LIGHTERING OR TRUCKING GOODS UP FROM ADEN.

4. YAR AND PDRY AGREED TO USE LARGE ADEN REFINERY TO SUPPLY BUTAGAS TO YAR. SUPPLY OF REFINED PRODUCTS MIGHT EXPAND IF AND WHEN SOUTH YEMEN AND SAUDIS AGREE TO JOINT VENTURE ON REFINERY OPERATION.

5. PDRY WILL WAIVE TAXES ON PRODUCE AND FOOD ORIGINATING IN YAR.

6. FOR ALL ABOVE, PAYMENTS MECHANISM HAS NOT RPT NOT BEEN WORKED OUT, ALTHOUGH COMMUNIQUE TAKES NOTE OF PROBLEM AND SAYS FUTURE MEETINGS WILL WORK OUT SUCH A DEVICE. YAR WANTED HARD CURRENCY, BUT IS HIGHLY UNLIKELY TO GET IT, ACCORDING TO SAID. BY SAME TOKEN, YAR WILL NOT TAKE SOUTH YEMENI DINARS OR SHILLINGS. COMPROMISE WILL PROBABLY BE PAYMENT IN YAR RIYALS.

7. SIGNIFICANTLY, IN WORKING OUT THIS TRADE, PDRY HAS AGREED TO LET ANY MERCHANTS AND TRUCKERS FROM NORTH TRAVEL
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TO ADEN, PRESUMABLY WITHOUT PREJUDICE TO PREVIOUS RECORD OF OPPOSITION TO PDRY.

8. ABD AL-AZIZ ABD AL-WALI ALSO AGREED WITH SAID TO EASE DEPARTURE RESTRICTIONS ON

FAMILIES OF EXILES FROM SOUTH.

ABD AL-AZIZ REITERATED, IN FACT, WHAT PDRY MININT TOLD

SOME EXILES (INCLUDING MILITARY LEADERS) DURING RECENT VISIT TO SANA, TO WIT, THAT THEY SHOULD THINK ABOUT COMING BACK, TAKING CERTAIN JOBS IN GOVERNMENT, RESUMING LIFE IN SOUTH. ABD AL-AZIZ WAS CATEGORIC THAT PROPERTY WAS NOT GOING TO BE RETURNED, BUT REPATRIATION PROGRAM HE DISCUSSED -- ALBEIT WITHOUT MUCH DETAIL -- IS A LITTLE LIKE AMNESTY ON A SELECTIVE BASIS, ACCORDING TO SAID.

9. SAID CAUTIONED THAT IT STILL TOO EARLY TO BE SURE OF SOUTH YEMENIS ON THIS SCORE. NO EXILE IN YAR, SAID SAID, WOULD BE WISE TO PLAN TO RETURN SOON. BUT THE SIGNS OF A CHANGE ARE THERE. PEOPLE WILL WATCH.

10. SAID SAID HE ALSO GOT ASSURANCES THAT PDRY WILL START TO WITHDRAW ITS TROOPS FROM YAR BORDER AREAS. HE THINKS - WITHOUT HAVING RECEIVED ASSURANCES HOWEVER - THAT THE YAR WILL NOT HAVE TO WORRY SO MUCH ABOUT PDRY SUBVERSIVE ACTIVITIES IN THE BORDER REGIONS.

11. SAID SAID THERE WAS NO FURTHER AGREEMENT ON TELE-COMMUNICATIONS, WHICH HAD EARLIER BEEN DISCUSSED AS A CANDIDATE FOR AGREEMENT BETWEEN PDRY AND YAR.

12. SAID DISCLOSED HE HAD SPENT MORNING WITH SAUDI MILITARY ATTACHE IN SANA. IN ABSENCE OF SAUDI AMBASSADOR, MILITARY ATTACHE FUNCTIONS IN EFFECT AS AMBASSADOR. SAID SAID HUDAYYAN WAS NON-COMMITTAL, BUT TOOK CAREFUL NOTES OF NEW AGREEMENTS. SAID PRESENTED NEW TRADE AGREEMENTS AS STEPS IN WAKE OF AND SUPPORTIVE OF SAUDI MOVES TO ELICIT MORE MODERATE STANCE ON PART OF PDRY.

13. COMMENT: IN PAST, YAR HAS RESISTED PDRY BLANDISH-
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MENTS ON TRADE BOTH IN ORDER TO PLACATE SAUDIS AND TO PROVIDE RADICAL SOUTHERNERS AS FEW BENEFITS AS POSSIBLE. SHIFT WHICH HAS APPARENTLY OCCURRED REFLECTS BOTH CHANGE OF APPROACH BY SAUDIS AND GROWING CONFIDENCE OF YAR LEADERSHIP THAT IT NEED NOT FEAR SOUTHERN SUBVERSION SO MUCH AS IN PAST. SOUTHERN COMPROMISES ON MOVEMENT OF PERSONS AND GOVERNMENT VS PRIVATE ROLES IN IMPORTS ARE SIGNIFICANT MOVES. SAID IS AS SUSPICIOUS AS EVER; "WE'RE NOT GOING TO LET DOWN OUR GUARD WITH THOSE BASTARDS", HE SAID, BUT HE IS PLEASED THAT SAUDI AID SEEMS TO BE HAVING SOME EFFECT, AND THAT YAR CAN BOTH BENEFIT FROM IT AND WORK TO SUPPORT ITS AIMS.
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